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AZ CORP COMMISSION  
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Arizona Corporation Commission

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MAR - 6 2009

Attorneys for WILHOIT WATER COMPANY,  
INC

DOCKETED BY

## BEFORE THE ARIZONA CORPORATION COMMISSION

In the Matter of THE APPLICATION OF  
WILHOIT WATER COMPANY, INC.,  
YAVAPAI MOBILE HOME ESTATES  
SYSTEM, FOR AN EMERGENCY RATE  
INCREASE.

Docket No. W-02065A-08-0592

NOTICE TO ADMINISTRATIVE  
LAW JUDGE

Judge Stern ordered that the company provide information as to the continued flow of water from the City of Prescott to the Yavapai Mobile Home Estates customers, the status of the Yavapai County real property taxes for this system and taxes for two other systems, namely, Thunderbird Meadows and Blue Hills #3 and commentary on the issue of an interim operator to be appointed by the Commission.

First, as to the continued flow of water from the City of Prescott from its Chino Aquifer sources, we attach the correspondence generated by us after conversations with the Prescott City Manager (Exhibit A). In short, the interim water flow will continue, but there is no guarantee that that is forever.

Second, as to the tax issues, we enclose correspondence to the Yavapai County Treasurer providing for a compromise repayment plan to be funded by the present system's owners, with the funding commencing on the 1<sup>st</sup> day of April, 2009 and to be continued thereafter until the past obligations are discharged (Exhibit B).

As to the issue raised by Judge Stern concerning an interim operator to be appointed for this and other systems, the individual water companies have no ability to support such an interim operator. An interim operator will be faced with the same issues

1 that face the company today. Those issues include the necessity of reaching an  
2 intergovernmental agreement between Chino Valley and Prescott for Chino Valley to  
3 take over the system or, alternatively, the funding and installation of an adequate arsenic  
4 recovery system. There, Wilhoit Water wishes to correct the record. There was a  
5 representation that the initial construction cost from a remediation vendor was \$380,000  
6 plus overruns and maintenance. Staff made clear that the proper representation is  
7 \$280,000, based upon the attached application to ADEQ (Exhibit C).  
8

9 DATED this 6th day of March, 2009.

10 MARTIN & BELL, L.L.C.

11  
12 By 

13 Douglas G. Martin  
14 365 East Coronado Road, Suite 200  
15 Phoenix, Arizona 85004  
16 Attorneys for Wilhoit Water Company

17 ORIGINAL filed with copies  
18 mailed/delivered this 6<sup>th</sup> day  
19 of March, 2009 to:

20 Jim West  
21 WEST & COMPANY, L.L.C.  
22 365 East Coronado Road, Suite 200  
23 Phoenix, AZ 85004

24 Christopher Kempley, Chief Counsel  
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March 4, 2009

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Mr. Steve Norwood  
City Manager  
Prescott  
201 South Cortez  
Prescott, Arizona 86303

Dear Mr. Norwood:

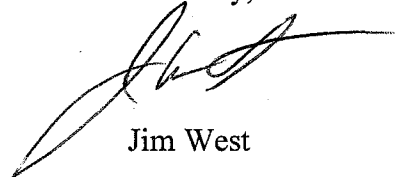
Wilhoit Water Company continues to be appreciative of Prescott's willingness provide potable water to Company's Yavapai Mobile Home Estates customers as we attempt to alleviate the arsenic issue that has contaminated our wells.

Since the Town of Chino Valley currently does not have the infrastructure to interconnect with our system and, in all likelihood, will not have the infrastructure in the short term, we are solely dependent on Prescott's water supply until we are able to install a workable arsenic remediation system or implement some other alternative that provides potable water for our customers.

I want to assure the City of Prescott that Wilhoit will diligently work to resolve the arsenic problem and will keep the City informed as to the progress that is being achieved. Based on our conversation of this afternoon, it is my understanding that Prescott will continue to supply water for Wilhoit's customers, as long as continuing progress is being made to resolve the contamination issue.

Again, thank you for your assistance and please let me know of any issues or concerns as they arise.

Cordially,



Jim West

**Jim West**

**From:** Jim West [jimwest@martin-bell.com]  
**Sent:** Wednesday, March 04, 2009 3:16 PM  
**To:** Ross Jacobs  
**Subject:** Wilhoit Water Company

Mr. Jacobs,

Thank you for your willingness to entertain an offer from Wilhoit Water Company that will allow them to make payments over time.

To settle the outstanding property taxes owed by the Wilhoit, the Company proposes to repay the principal amount of the back taxes owed over a period of 5 years. Our calculations indicate the Company owes the following amounts: Yavapai Mobile Home Estates (929-95-120) \$16,025.83; Thunderbird Meadows (929-92-340) \$21,825.30 and Blue Hills #3 (929-92-290) \$4,428.26. If Yavapai County is in agreement that the amounts owed are correct and the terms of repayment are acceptable, Wilhoit Water Company will repay these amounts in monthly installments (929-95-120) \$267.10, (929-92-340) \$363.76; and (929-92-290) \$73.80 beginning April 1, 2009 and concluding on March 1, 2014.

In addition, Wilhoit Water Company agrees to pay on-going property taxes for these parcels as they come due.

If this arrangement is agreeable to Yavapai County, the Company will send a letter confirming these terms for acceptance by the County.

Thank you for your consideration of this offer and please let me know if you have any questions.

Jim West  
**Martin & Bell LLC**  
602.230.0030

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3/6/2009



# Opinion of Probable Cost of Construction

Whilhoit Water Company  
Yavapai Estates  
Chino Valley, Arizona

## Arsenic Treatment Facility-Yavapai Estates

Removal of Existing System	1	LS	\$5,000	\$	5,000
Expansion/Alteration of Existing Building	1	LS	\$15,000	\$	15,000
Arsenic Treatment	1	LS	\$125,000	\$	125,000
Installation of New System/Materials/Chemicals/Electrical	1	LS	\$75,000	\$	75,000
			Subtotal	\$	220,000
			Contingency 10%	\$	22,000
			Construction Cost Subtotal	\$	242,000
			Engineering, Permitting, As-Builts 10%	\$	24,200
			Total Probable Cost	\$	266,200

• Estimates do not include Payment/Performance Bonds or any Applicable Taxes.